

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|--|---|----------------|
| THE APPLICATION OF B.L.S.T., INC., FOR |) | |
| RATE ADJUSTMENT PURSUANT TO THE |) | |
| ALTERNATIVE RATE FILING PROCEDURE FOR |) | CASE NO. 10211 |
| SMALL UTILITIES |) | |

O R D E R

On March 31, 1988, B.L.S.T., Inc. ("BLST") filed an application with the Commission seeking to increase its rates pursuant to the Alternative Rate Filing Procedure for Small Utilities. The proposed rates would generate approximately \$11,047 annually in additional revenues, an increase of 100 percent over reported test period revenues.

On April 26, 1988, the Commission Staff ("Staff") conducted a field review of BLST's test period financial records. On June 22, 1988, Staff issued a report containing its recommendations for a \$292 increase in revenues.

On July 19, 1988, the Commission granted full intervention to homeowners of Brightleaf Subdivision in response to a Motion filed by their attorney.

Within its report of June 22, 1988, Staff recommended allowance of annual depreciation expense of \$2,217 associated with a 20,000 gallon per day ("GPD") treatment system which BLST stated it intended to have installed. Upon learning from the Kentucky Natural Resources and Environmental Protection Cabinet that a

construction permit could not be issued until several items¹ had been addressed by BLST, Staff issued an amended report on August 24, 1988, in which it recommended, for rate-making purposes, exclusion of depreciation expense associated with the 20,000 GPD facility and a reduction of \$2,583 to the revenue requirement of \$11,339 recommended in the Staff Report of June 22, 1988.

On September 16, 1988, BLST filed a request for a hearing. The Motion was granted and the Commission scheduled a hearing for October 18, 1988.

On October 18, 1988, a hearing was convened at the Commission's offices. Homeowners of Brightleaf Subdivision were represented by Counsel, and Commission Staff members appeared, but no representative for BLST was present. The hearing was adjourned; no testimony was heard.

On October 24, 1988, the Commission's Executive Director, by letter, notified BLST that unless a written Motion requesting a hearing was received by November 2, 1988, the case would be submitted to the Commission for a decision. BLST has not responded.

After careful review and examination of the Staff Reports, it is the Commission's opinion that the recommendations in the original Staff Report as revised by the Amended Staff Report, will allow BLST sufficient revenues to meet its operating expenses and provide for future equity growth. The Commission, therefore,

¹ See Exhibit 1 of the Amended Staff Report.

accepts the recommendations contained in the original Staff Report as amended by the Amended Staff Report.

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that:

1. The recommendations and findings contained in the original Staff Report, including the modifications thereto in the Amended Staff Report, should be adopted as the findings of the Commission in this proceeding.

2. The rates proposed by BLST should be denied.

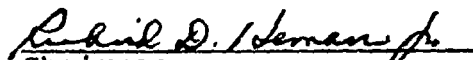
3. The rates in Appendix A are the fair, just, and reasonable rates to be charged by BLST and should produce annual revenues of \$8,756.


4. Within 30 days of the date of this Order, BLST should file with the Commission its revised tariff setting out the rates approved herein.

BE IT SO ORDERED.

Done at Frankfort, Kentucky, this 29th day of November, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 10211 DATED 11/29/88

The following rates and charges are prescribed for the customers in the area served by B.L.S.T., Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES: Monthly

| | |
|--------------------------|----------------|
| General Customers | \$8.90 |
| Best Western Motel | 8.90 per R.E.* |
| Brass Lantern Restaurant | 8.90 per R.E.* |

* A residential equivalent is defined as 12,000 gallons per month.